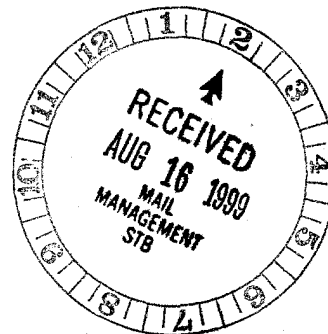


RECORDATION NO. 22343 FILED

July 30, 1999

AUG 23 '99

8-00 AM



Mr. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street NW, Suite 700
Washington, DC 20423

Re: Texas Railcar Leasing, Inc.

Dear Mr. Williams

I have enclosed an original and one certified copy of the documents described below to be recorded pursuant to Section 11303, Title 49 of the U. S. Code

The document described is a Security Agreement, being a primary document, dated July 30, 1999. A description of the equipment covered by the document is as follows:

1. Eighteen (18) 4,000 cubic foot covered top hopper railcars identified as follows:

TRLX96210	TRLX96620	TRLX96678
TRLX96706	TRLX96774	TRLX96789
TRLX96815	TRLX96845	TRLX96974
TRLX97014	TRLX97132	TRLX97365
TRLX97385	TRLX97408	TRLX97452
TRLX97548	TRLX97698	TRLX97645

2. Debtor's rights, title and interest in and to Car Leasing Agreement No. 97/010028 (including Rider No. 0001) between Texas Railcar Leasing Company, Inc. and Applied Industrial Materials Corporation, dated May 27, 1997.

A fee of \$26.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Byron Calcote, Senior Vice President, McAllen National Bank, 1801 So. Col. Rowe Blvd, McAllen, Texas 78502.



MEMBER FDIC

McALLEN NATIONAL BANK

1801 SOUTH COL. ROWE BLVD. • P.O. BOX 5555

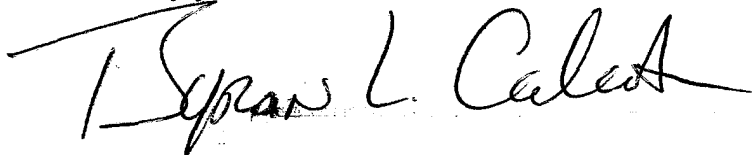
McALLEN, TEXAS 78502 • (956) 682-2265

FAX NUMBER • (956) 972-5418

A short summary of the document to appear in the index is as follows:

A security Agreement between Texas railcar Leasing Company, Inc., P.O. Box 1330, McAllen, Texas dated July 30, 1999, covering eighteen (18) 4,000 cubic foot covered top hopper railcars and Debtor's rights, title, and interest in to Car Leasing Agreement No. 97/010028 between Texas Railcar Leasing Company, Inc. and Applied Industrial Materials Corporation dated May 29, 1997.

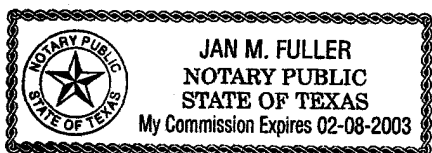
Sincerely yours,



Byron Calcote
Senior Vice President

**STATE OF TEXAS
COUNTY OF HIDALGO**

This Instrument was acknowledged before me on the 2nd day of August, 1999 by Byron Calcote, Senior Vice President of McAllen National Bank, McAllen, Texas on behalf of said corporation.




Notary Public in and for the State of Texas



McALLEN NATIONAL BANK

1801 SOUTH COL. ROWE BLVD. • P.O. BOX 5555

McALLEN, TEXAS 78502 • (956) 682-2265

FAX NUMBER • (956) 972-5418

SECURITY AGREEMENT

AUG 23 '99

8-00 AM

DATE JULY 30, 1999

DEBTOR	TEXAS RAILCAR LEASING COMPANY, INC., A TEXAS CORPORATION	SECURED PARTY	MCALLEN NATIONAL BANK
BUSINESS OR RESIDENCE ADDRESS	P.O. BOX 1330	ADDRESS	1801 S. COL. ROWE BLVD.
CITY, STATE & ZIP CODE	MCALLEN, TX 78502	CITY, STATE & ZIP CODE	MCALLEN, TX 78503

1. **Security Interest and Collateral.** To secure the payment and performance of each and every debt, liability and obligation of every type and description which Debtor may now or at any time hereafter owe to Secured Party (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several; all such debts, liabilities and obligations being herein collectively referred to as the "Obligations"), Debtor hereby grants Secured Party a security interest (herein called the "Security Interest") in the following property (herein called the "Collateral") (check applicable boxes and complete information):

(a) INVENTORY:

☐ All inventory of Debtor, whether now owned or hereafter acquired and wherever located;

(b) EQUIPMENT, FARM PRODUCTS AND CONSUMER GOODS:

☐ All equipment of Debtor, whether now owned or hereafter acquired, including but not limited to all present and future machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and recordkeeping equipment, parts and tools, and the goods described in any equipment schedule or list herewith or hereafter furnished to Secured Party by Debtor (but no such schedule or list need be furnished in order for the security interest granted herein to be valid as to all of Debtor's equipment).

☐ All farm products of Debtor, whether now owned or hereafter acquired, including but not limited to (i) all poultry and livestock and their young, products thereof and produce thereof, (ii) all crops, whether annual or perennial, and the products thereof, and (iii) all feed, seed, fertilizer, medicines and other supplies used or produced by Debtor in farming operations. The real estate concerned with the above described crops growing or to be grown is:

and the name of the record owner is: _____

☒ The following goods or types of goods: _____

(c) ACCOUNTS AND OTHER RIGHTS TO PAYMENT:

☐ Each and every right of Debtor to the payment of money, whether such right to payment now exists or hereafter arises, whether such right to payment arises out of a sale, lease or other disposition of goods or other property by Debtor, out of a rendering of services by Debtor, out of a loan by Debtor, out of the overpayment of taxes or other liabilities of Debtor, or otherwise arises under any contract or agreement, whether such right to payment is or is not already earned by performance, and howsoever such right to payment may be evidenced, together with all other rights and interests (including all liens and security interests) which Debtor may at any time have by law or agreement against any account debtor or other obligor obligated to make any such payment or against any of the property of such account debtor or other obligor; all including but not limited to all present and future debt instruments, chattel papers, accounts, and loans and obligations receivable.

☒ SEE SCHEDULE A ATTACHED HERETO AND MADE A PART HEREOF.

(d) GENERAL INTANGIBLES:

☐ All general intangibles of Debtor, whether now owned or hereafter acquired, including, but not limited to, applications for patents, patents, copyrights, trademarks, trade secrets, good will, tradenames, customer lists, permits and franchises, the right to use Debtor's name, and tax refunds.

together with all substitutions and replacements for and products of any of the foregoing property not constituting consumer goods and together with proceeds of any and all of the foregoing property and, in the case of all tangible Collateral, together with all accessions and, except in the case of consumer goods, together with (i) all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or used in connection with any such goods, and (ii) all warehouse receipts, bills of lading and other documents of title now or hereafter covering such goods.

2. **Representations, Warranties and Agreements.** Debtor represents, warrants and agrees that:

(a) Debtor is ☐ an individual, ☐ a partnership, ☒ a corporation and, if Debtor is an individual, the Debtor's residence is at the address of Debtor shown at the beginning of this Agreement.

(b) The Collateral will be used primarily for ☐ personal, family or household purposes; ☐ farming operations; ☒ business purposes.

(c) ☐ If any part or all of the tangible Collateral will become so related to particular real estate as to become a fixture, the real estate concerned is: _____

and the name of the record owner is: _____

(d) Debtor's chief executive office is located at _____ or, if left blank, at the address of Debtor shown at the beginning of this Agreement.

THIS AGREEMENT CONTAINS ADDITIONAL PROVISIONS SET FORTH ON PAGE 2 OF THIS DOCUMENT, ALL OF WHICH ARE MADE A PART HEREOF.

By BYRON E. CALCOTE
Title: SENIOR VICE PRESIDENT

By Henry Howell
Title: PRESIDENT

3. Additional Representations, Warranties and Agreements. Debtor represents, warrants and agrees that:

BANKERS SYSTEMS, INC., ST. CLOUD, MN 56302 (1-800-397-2341) FORM M-130 5/17/91

SCHEDULE "A"

1. **Eighteen (18) 4,000 cubic foot covered top hopper railcars identified as follows:**

TRLX96210	TRLX96620	TRLX96678
TRLX96706	TRLX96774	TRLX96789
TRLX96815	TRLX96845	TRLX96974
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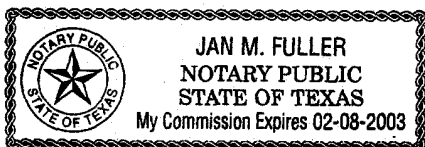
2. **Debtor's rights, title, and interest in and to Car Leasing Agreement No. 97/010028 (including Rider No. 0001) between Texas Railcar Leasing Company, Inc. and Applied Industrial Materials Corporation, dated May 29, 1997.**

TEXAS RAILCAR LEASING COMPANY, INC.

By: _____

Henry Novell
HENRY NOVELL, PRESIDENT

This Instrument was acknowledged before me on the 2nd day of August, 1999 by Byron Calcote, Senior Vice President of McAllen National Bank, McAllen, Texas on behalf of said corporation.



Jan M Fuller
Notary public in and for the State of Texas